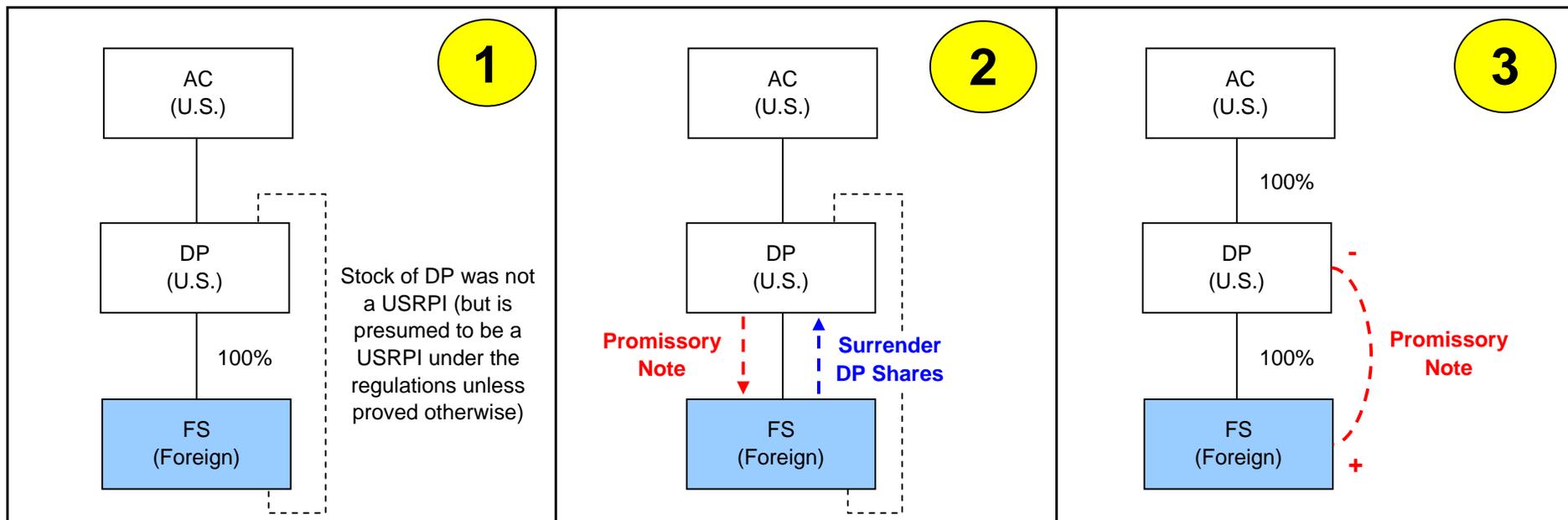


Extension Granted for 897 Statement & Notice Requirements in a Redemption

Initial Structure

Redemption

Ending Point



DP had previously been a publicly held domestic corporation, the stock of which was purchased by Acquiring Corporation in a tender offer. Prior to the tender offer, FS, a wholly owned foreign subsidiary of DP, held a portion of the shares of DP, which shares were not purchased by Acquiring Corporation in its tender offer. Shortly after Acquiring Corporation's purchase of the DP shares, DP redeemed its shares which were held by FS for notes. FS treated the redemption as an exchange under section 302(a).

Although DP claimed that its shares were not US real property interests within the meaning of section 897(c), FS did not request a statement pursuant to Treas. Reg. § 1.897-2(g) from DP, confirming that DP's shares were not USRPIs. Accordingly, DP did not provide such statement to FS, and did not provide notice of the same to the Internal Revenue Service pursuant to Treas. Reg. § 1.897-2(h). FS and DP sought relief under Treas. Reg. §§ 301.9100-1 and -3 for FS to request the applicable statement from DP, and for DP to file the applicable notice late as required by Treas. Reg. § 1.897-2(h). FS and DP were granted an extension of time until 60 days from the date of the ruling letter to satisfy the statement, notice and withholding requirements of Treas. Reg. §§ 1.897-2(g), and 1.897-2(h) with respect to the distribution of property in redemption of stock treated as an exchange under section 302(a).